

**DRAFT**

**PUBLIC UTILITIES COMMISSION OF THE STATE OF CALIFORNIA**

**Telecommunications Division**  
**Public Programs Branch \***

**RESOLUTION T- 16893**  
**December 2, 2004**

**R E S O L U T I O N**

**Resolution T-16893. Seventeen Small Local Exchange Carriers (LECS) and the California High Cost Fund-A (CHCF-A) Administrative Committee Fund.**

**This Resolution Sets Forth The CHCF-A Support For Each of the 17 Small LECS For Calendar Year (CY) 2005.**

BY ADVICE LETTER NO.	FILED BY:	DATE FILED:
277	Calaveras Telephone Company (Calaveras)	09/22/04
294	California-Oregon Telephone Company (Cal-Ore)	09/22/04
166	Citizens Telecommunications Company (Citizens-GS)	09/27/04
	of the Golden State	
156	Citizens Telecommunications Company (Citizens-Tu)	09/27/04
	of Tuolumne	
297	Ducor Telephone Company (Ducor)	09/22/04
357	Global Valley Networks, Inc. (Global Valley)	09/22/04
245	Foresthill Telephone Company (Foresthill)	10/01/04
273	Happy Valley Telephone Company (Happy Valley)	09/27/04
244	Hornitos Telephone Company (Hornitos)	09/27/04
333	Kerman Telephone Company (Kerman)	09/22/04
208	Pinnacles Telephone Company (Pinnacles)	09/22/04
338	The Ponderosa Telephone Company (Ponderosa)	09/30/04
329	Sierra Telephone Company (Sierra)	09/30/04
326	Siskiyou Telephone Company (Siskiyou)	09/22/04
620	Verizon West Coast Incorporated (Verizon-WC)	10/08/04
313	Volcano Telephone Company (Volcano)	09/22/04
165	Winterhaven Telephone Company (Winterhaven)	09/27/04

## Summary

This resolution adopts a total CY 2005 California High Cost Fund-A (CHCF-A) support of \$25,446,078.02 for the 17 small LECs. The development of the CHCF-A support for each small LEC is shown in Appendix A and explained in the Discussion section. The table below summarizes the monthly and yearly CHCF-A support for each of the 17 small LECs:

	<u>Monthly</u>	<u>Yearly</u>
	<u>Support 2005</u>	<u>Support 2005</u>
Calaveras Telephone Company	\$108,398.81	\$1,300,785.73
Cal-Ore Telephone Company	\$88,381.29	\$1,060,575.42
Citizens Telecommunications Company - Golden State	\$0.00	\$0.00
Citizens Telecommunications Company- Tuolumne	\$0.00	\$0.00
Ducor Telephone Company	\$140,100.53	\$1,681,206.30
Global Valley Networks, Inc.	\$0.00	\$0.00
Foresthill Telephone Company	\$0.00	\$0.00
Happy Valley Telephone Company	\$0.00	\$0.00
Hornitos Telephone Company	\$0.00	\$0.00
Kerman Telephone Company	\$140,321.10	\$1,683,853.16
Pinnacles Telephone Company	\$20,120.93	\$241,451.10
The Ponderosa Telephone Company	\$242,466.98	\$2,909,603.76
Sierra Telephone Company	\$1,062,510.64	\$12,750,127.71
Siskiyou Telephone Company	\$180,461.29	\$2,165,535.48
Verizon West Coast Incorporated	\$0.00	\$0.00
The Volcano Telephone Company	\$137,744.95	\$1,652,939.36
Winterhaven Telephone Company	\$0.00	\$0.00
<b>TOTAL</b>	<b>\$2,120,506.50</b>	<b>\$25,446,078.02</b>

This resolution directs the Telecommunications Division (TD) in concert with the Information and Management Services Division (IMSD) to pay the respective small LECs monthly support as indicated above within 30 days after the close of each calendar month. The prompt payment of monthly support to the small LECs is contingent on the availability of funds and the Commission and State adoption of the budgets covering the payment of the 2005 CHCF-A support. Should the monthly support payments due the small ILECs not be paid within 30 days after the close of each calendar month, TD shall include in those payments interest equal to the 3-month commercial paper rate.<sup>1</sup>

<sup>1</sup> This is consistent with directives set forth in D.01-02-018 and D.01-09-064.

## **Background**

The California High Cost Fund (HCF) was implemented by D.88-07-022, as modified by D.91-05-016 and D.91-09-042, to provide a source of supplemental revenues to three mid-size and seventeen small Local Exchange Carriers (LECs) whose basic exchange access line service rates would otherwise be increased to levels that would threaten universal service. Pacific Bell was appointed as the administrator of the fund. Recognizing the public nature of the fund, Pacific set up a separate trust for the CHCF-A.

D.96-10-066 changed the name of HCF to CHCF-A and created the California High Cost Fund-B (CHCF-B). This decision included Pacific Bell (now SBC), GTE California Incorporated (now Verizon)<sup>2</sup>, Roseville Telephone Company (now SureWest), and Citizens Telecommunications Company of California, Incorporated in the CHCF-B for the purpose of determining universal service subsidy support and maintained the CHCF-A for the 17 small LECs. This decision also directed the Commission to take over the administration of the CHCF-A from Pacific.

Resolution T-16092 approved the transfer of the administrative control of the CHCF-A from Pacific to the Commission effective January 1, 1998. This resolution appointed three Commission staff members as committee members of the CHCF-A Trust Administrative Committee charged with the responsibility of administering the CHCF-A on behalf of the Commission. D.98-06-065 renamed the committee as CHCF-A AC and revised the governance of the CHCF-A consistent with State rules and procedures.

In October 1999, PU Code § 270-281 were codified as a result of the enactment of Senate Bill (SB) 669 (Stats. 1999, Chapter 677). § 270(b) requires that the monies in the CHCF-A and five other funds may only be expended pursuant to § 270-281 and upon appropriation in the annual Budget Act. Since FY 2001-02, the CHCF-A Fund expenditures have been authorized in the State's Annual Budget Act.

D.01-09-064 revised the charter of CHCF-AC to conform to SB 669, and D.02-04-059 established a three-member board for the CHCF-AC.

On or about October 1, 2004, 17 small LECs made their annual CHCF-A advice letter filings in accordance with D.91-09-042. These 17 small LECs requested a total CY 2004 CHCF-A support in excess of \$25 million.

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<sup>2</sup> Verizon Telephone Company resulted from the merger of GTE of CA and GTE Contel.

## **Notice/Protests**

The 17 small LECs' 2005 CHCF-A advice letter filings appeared in the Commission's Daily Calendar in October 2004. No protests to the advice letter filings have been received.

## **Discussion**

In this Resolution, the Commission adopts a CHCF-A support of \$25,446,078.02 for CY 2005. This total support is broken down for each of the 17 small LECs as noted in the summary section of this Resolution.

TD in concert with the IMSD shall make the monthly support payments within 30 days after the close of each calendar month.<sup>3</sup> In the event that the monthly support payments due to the small LECs are not paid within 30 days after the close of each calendar month, TD shall include in those payments interest equal to the 3-month commercial paper rate.

### **A. 2005 CHCF-A Revenue Requirements and Supports**

TD reviewed the advice letter filings made by the 17 small LECs in connection with the 2005 CHCF-A revenue requirements. TD revised the small LECs proposals in accordance with guidelines adopted in D.88-07-022<sup>4</sup>, and for incorrect determination of the Net Interstate Expense Adjustment.

Specific implementation rules and Commission orders that guided TD's revisions include, but are not limited to, the following:

#### **General Rate Cases (GRCs)**

In 2001, Kerman filed its GRC for test year 2002 through an Advice Letter. However, the Commission, in Resolution T-16597, rejected Kerman's GRC filing without prejudice and ordered Kerman to resubmit its GRC filing by application for a 2003 test year. Kerman complied with the Commission order. The Commission's decision in Kerman's rate case is in D.03-10-006.

In 2002, Global Valley, Sierra, Siskiyou and Volcano filed their GRCs for test year 2003. In 2003, Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa filed their GRCs for test year 2004. Citizens – Golden State, Citizens- Tuolumne, Foresthill, Happy

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<sup>3</sup> The January 2005 monthly support will be paid in February 2005; the December 2005 monthly support will be paid in January 2006.

<sup>4</sup> D.88-07-022 was modified by D.91-05-016, D.91-09-042, Resolution T-16117, D.00-09-072, D.01-02-018, and D.01-05-031. These guidelines are summarized in the Appendix of D. 91-09-042, which are hereinafter referred to as the Implementation Rules.

Valley, Hornitos, Verizon – West Coast and Winterhaven had their GRCs with a 1997 test year completed in 1997.

These carriers were authorized a 10% rate of return.

### **Means Test**

§ B of the Implementation Rules requires that each CHCF-A support request be subject to a means test, i.e. a small LEC's CHCF-A support is limited to forecasted intrastate results of operations not to exceed the small LEC's authorized rate of return. The forecasted earnings shall be based on at least seven months of recorded financial data, annualized for the year in which the advice letter is filed. D. 91-09-042 also provides that the means test is not required in determining an LEC's CHCF-A funding 12 months after a decision or resolution is rendered by the Commission in a General Rate Case proceeding.

### **Waterfall**

Pursuant to § D of the Implementation Rules, the phase down of the CHCF-A funding level is reinitiated effective January 1 following the year after the completion of a GRC. The funding levels are 100% for the first 3 years, 80% the fourth year, 50% the fifth year, and 0% thereafter. This 6-year phase down of funding level is known as the Waterfall.

The funding levels for the 17 small LECs for 2005 are summarized below:

<u>Small ILEC</u>	<u>GRC Test Year</u>	<u>2005</u>
Calaveras	2004	100%
Cal-Ore	2004	100%
Citizens-GS	1997	0%
Citizens-Tu	1997	0%
Ducor	2004	100%
Global Valley	2003	100%
Foresthill	1997	0%
Happy Valley	1997	0%
Hornitos	1997	0%

Kerman	2003	100%
Pinnacles	2004	100%
Ponderosa	2004	100%
Sierra	2003	100%
Siskiyou	2003	100%
Verizon-WC	1997	0%
Volcano	2003	100%
Winterhaven	1997	0%

### **Net Interstate Expense Adjustment**

§ B of the Implementation Rules authorizes the small LECs to include the changes of their federal Universal Service Fund (USF) funding in the annual CHCF-A filings. Pursuant to Resolution T-16117, the change of USF funding level shall be determined by the difference between the forecasted USF support for the current year and the forecasted USF support for the coming year. The current year's forecasted USF support is the amount adopted by the Commission for the current year CHCF-A revenue requirement. The coming year's forecasted USF is the amount projected by the National Exchange Carrier Association (NECA), the administrator of USF.<sup>5</sup>

The CHCF-A support and the rate designs for each of the 17 small LECs for CY 2005 are summarized below. The detailed tables showing the CHCF-A support for the 17 small LECs are shown in Appendix A.

### **Calaveras, Page 1 of Appendix A**

Calaveras has a 2005 CHCF-A revenue requirement of \$1,300,785.73 (at Line 6, Page 1 of Appendix A). In accordance with D.91-09-042, Calaveras' 2005 filing is not subject to the means test since its 2005 filing occurs 12 months after the conclusion of its year 2004 GRC. In addition, pursuant to §D of the Implementation Rules, Calaveras' waterfall is set at 100%. Thus, Calaveras will receive a monthly support of \$108,398.81 for January through December 2005, i.e., one-twelfth of \$1,300,785.73.

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<sup>5</sup> Data used is the NECA projected 2005 USF Payments as of September 2004. Revised 2005 USF Payments for Calaveras and Volcano were provided to TD by NECA on October 29, 2004.

**Cal-Ore, Page 2 of Appendix A**

Cal-Ore has a 2005 CHCF-A revenue requirement of \$1,060,575.41 (at Line 6, Page 2 of Appendix A). In accordance with D.91-09-042, Ca-Ore's 2005 filing is not subject to the means test since its 2005 filing occurs 12 months after the conclusion of its year 2004 GRC. In addition, pursuant to §D of the Implementation Rules, Cal-Ore's waterfall is set at 100%. Thus, Cal-Ore will receive a monthly support of \$88,381.29 for January through December 2005, i.e., one-twelfth of \$1,060,575.41.

**Citizens-GS, Page 3 of Appendix A**

Citizens-GS has a 2005 CHCF-A revenue requirement of \$204,717.85 (at Line 6, Page 3 of Appendix A). However, the waterfall funding for Citizens-Golden State is zero percent. Citizens-Golden State will not receive any CHCF-A funding for 2005.

**Citizens-Tu, Page 4 of Appendix A**

Citizens-Tu has a 2005 CHCF-A revenue requirement of \$867,575.26 (at Line 6, Page 4 of Appendix A). However, due to the waterfall, Citizens-Tu is eligible for 0% of the funding level. Citizens-Tu will not receive any CHCF-A funding for 2005.

**Ducor, Page 5 of Appendix A**

Ducor has a 2005 CHCF-A revenue requirement of \$1,681,206.30 (at Line 6, Page 5 of Appendix A). In accordance with D.91-09-042, Ducor's 2005 filing is not subject to the means test since its 2005 filing occurs 12 months after the conclusion of its year 2004 GRC. In addition, pursuant to §D of the Implementation Rules, Ducor's waterfall is set at 100%. Thus, Ducor will receive a monthly support of \$140,100.53 for January through December 2005, i.e., one-twelfth of \$1,681,206.30.

**Global Valley Networks, Inc., Page 6 of Appendix A**

Global Valley has a 2005 CHCF-A revenue requirement of \$1,872,067 (at Line 6, Page 6 of Appendix A). However, Global Valley, in Advice Letter #357 stated that they are not requesting any CHCF-A draw in 2005. Thus, Global Valley will not receive any CHCF-A support in 2005.

**Foresthill, Page 7 of Appendix A**

Foresthill has a 2005 CHCF-A revenue requirement of \$959,217.86 (at Line 6, Page 7 of Appendix A). However, Foresthill, in Advice letter # 245 stated that they are not requesting any CHCF-A draw in 2004. Thus, Foresthill will not receive any CHCF-A funding at this time.

**Happy Valley, Page 8 of Appendix A**

Happy Valley has a 2005 CHCF-A revenue requirement of \$2,247,968.42 (at Line 6, Page 8 of Appendix A). Happy Valley, in Advice Letter #273 stated that it is not seeking CHCF-A funding in 2005. Thus, Happy Valley will not receive any CHCF-A support at this time.

**Hornitos, Page 9 of Appendix A**

Hornitos has a 2005 CHCF-A revenue requirement of \$405,488.92 (at Line 6, Page 9 of Appendix A). Hornitos, in Advice letter #244, stated that it is not requesting a draw from the CHCF-A at this time. Therefore, Hornitos will not receive any CHCF-A support for 2005.

**Kerman, Page 10 of Appendix A**

Kerman has a CHCF-A revenue requirement of \$1,683,853.16 (at Line 6, Page 10 of Appendix A). Since Kerman projected a rate of return of less than 10% and its waterfall is set at 100%, Kerman shall receive a monthly CHCF-A support of \$140,321.10, i.e. one-twelfth of \$1,683,853.16 for January through December 2005.

**Pinnacles, Page 11 of Appendix A**

Pinnacles has a 2005 CHCF-A revenue requirement of \$241,451.10 (at Line 6, Page 11 of Appendix A). In accordance with D.91-09-042, Pinnacles' 2005 filing is not subject to the means test since its 2005 filing occurs 12 months after the conclusion of its year 2004 GRC. In addition, pursuant to §D of the Implementation Rules, Pinnacles' waterfall is set at 100%. Thus, Pinnacles will receive a monthly support of \$20,120.93 for January through December 2005, i.e., one-twelfth of \$241,451.10.

**Ponderosa, Page 12 of Appendix A**

Ponderosa has a 2005 CHCF-A revenue requirement of \$2,909,603.76 (at Line 6, Page 12 of Appendix A). In accordance with D.91-09-042, Ponderosa's 2005 filing is not subject to the means test since its 2005 filing occurs 12 months after the conclusion of its year 2004 GRC. In addition, pursuant to §D of the Implementation Rules, Ponderosa's waterfall is set at 100%. Thus, Ponderosa will receive a monthly support of \$242,466.98 for January through December 2005, i.e., one-twelfth of \$2,909,603.76.

**Sierra, Page 13 of Appendix A**

Sierra has a CHCF-A revenue requirement of \$12,750,127.71 (at Line 6, Page 13 of Appendix A). Since Sierra projected a rate of return of less than 10% and its waterfall is set at 100%, Sierra shall receive a monthly CHCF-A support of \$1,062,510.64, i.e. one-twelfth of \$12,750,127.71 for January through December 2005.

**Siskiyou, Page 14 of Appendix A**

Siskiyou has a CHCF-A revenue requirement of \$2,165,535.48 (at Line 6, Page 14 of Appendix A). Since Siskiyou projected a rate of return of less than 10% and since its waterfall is set at 100%, Siskiyou shall receive a monthly CHCF-A support of \$180,461.29, i.e. one-twelfth of \$2,165,535.48 for January through December 2005.

**Verizon-WC, Page 15 of Appendix A**

Verizon-WC has a 2005 CHCF-A revenue requirement of \$811,335 (at Line 6, Page 15 of Appendix A). In its advice letter, Verizon-West Coast stated that they are not requesting a draw from the CHCF-A. Thus, Verizon-West Coast will not receive any CHCF-A support for 2005.

**Volcano, Page 16 of Appendix A**

Volcano has a CHCF-A revenue requirement of \$1,652,939.36 (at Line 6, Page 16 of Appendix A). Since Volcano projected a rate of return of less than 10% and since its waterfall is set at 100%, Volcano shall receive a monthly CHCF-A support of \$137,744.95, i.e. one-twelfth of \$1,652,939.36 for January through December 2005.

**Winterhaven, Page 17 of Appendix A**

Winterhaven has a 2005 CHCF-A revenue requirement of \$101,124.75 (at Line 6, Page 17 of Appendix A). In its advice letter, Winterhaven stated that they are not requesting a draw from the CHCF-A. Thus, Winterhaven will not receive any CHCF-A support for 2005.

The Commission finds TD's recommended CHCF-A support payments for the 17 small LECs for 2005 reasonable and consistent with our orders and are therefore adopted.

**B. CHCF-A Budget for FY 2004-05 and FY 2005-06**

The Commission, in Resolution T- 16793, approved a \$47.87 million CHCF-A program budget for FY 2004-05. Of this amount, \$36.20 million has been allocated as program payments to the small LECs.

In Resolution T-16876, the Commission approved a FY 2005-06 CHCF-A expense budget of \$39.650 million. Of this amount, \$28.040 million has been allocated as program payments to the small LECs.

There are enough funds in both the FY 2004-05 and FY 2005-06 budgets to cover the 2005 CHCF-A support to the small LECs.

## Comments on Draft Resolution

In compliance with PU Code § 311(g), a notice letter was mailed/emailed on November 2, 2004 informing the 17 small LECs, the CHCFA-AC, the parties of record in R01-08-002 and the parties on the service list of A99-09-044 of the availability of the draft of this Resolution for public comments at the Commission's web site <http://www.cpuc.ca.gov/static/industry/telco/index.htm>. This letter also informed parties that the final Resolution adopted by the Commission will be posted and will be available at the same web site.

On November 17, 2004, Cooper, White and Cooper LLP on behalf of Calaveras, Cal-ore, Ducor, Foresthill, Global Valley, Happy Valley, Hornitos, Kerman, Pinnacles, Ponderosa, Sierra, Siskiyou, Volcano and Winterhaven filed the following comments:

- Significant developments regarding federal universal service fund (USF) support may result in the possibility that the cumulative CHCF-A draws have been underestimated by as much as \$23.7 million. This development requires not only that the draws for the small LECs be adjusted but also that the Commission revise the budget request and the related appropriation previously approved for the CHCF-A (Resolution T-16876).
- The adoption by the Federal Communications Commission of a rule requiring the Universal Service Administrative Company (USAC) to move from the Generally Accepted Accounting Principles (GAAP) to U. S. Government Accounting standards or GovGAAP may impact the USF support.
- The enactment of the Anti-deficiency Act, which prohibits federal agencies from incurring obligations in advance or in excess of cash on-hand or investments in federal securities, may result in the interruption of support from the USF, possibly without repayment, until sufficient cash on hand is available to fulfill current obligations.

In view of the above, Cooper, White and Cooper LLP states that the Commission must eliminate its assumption that the small LECs will receive the federal universal support amounts shown in line 5(b) in each Appendix of the draft resolution. This will increase the draws from the CHCF-A by \$23.7 million in case the interruption lasts one year. Once the federal USF issues are resolved, the small LECs are willing to perform a true-up filing to insure that funds drawn are not in excess of the required levels. Further, Cooper, White and Cooper LLP recommends that the Commission revise its budgeted levels for the CHCF-A in FY 2005-06 and to modify the appropriation for FY 2004-05 to ensure that there are sufficient funds to pay unexpectedly greater claims in the first half of 2005.

TD takes note of the comments of Cooper, White and Cooper LLP filed on behalf of 14 small LECs. TD, however, finds that taking action on the possibilities cited is premature

at this time. TD bases its CY 2005 CHCF-A support recommendations on already established data, which at this time is the NECA projected 2005 USF payments as of September 2004 with revised 2005 USF Payments for Calaveras and Volcano provided to TD by NECA on October 29, 2004.

If the above possibilities cited by White Cooper and Cooper LLP occur and adversely impact the small LECs CHCF-A draws, then the Commission will act accordingly.

## **Findings**

1. The California High Cost Fund (HCF) was implemented by Decision (D.) 88-07-022, as modified by D.91-05-016 and D.91-09-042. The Implementation Rules governing the CHCF-A can be found in their entirety in the Appendix of D.91-09-042. The purpose of the HCF was to provide a source of supplemental revenues to three mid-size Local Exchange Carriers (LECs) and seventeen small LECs whose basic exchange access line service rates would otherwise be increased to levels that would threaten universal service.
2. D.96-10-066 changed the name of HCF to California High Cost Fund A (CHCF-A) and created the California High Cost Fund-B (CHCF-B). This decision included the three mid-size LECs in the CHCF-B for the purpose of determining universal service subsidy support and maintained the CHCF-A for the 17 small LECs. D.98-06-065 renamed the CHCF-A Trust Administrative Committee to CHCF-A Administrative Committee (CHCFA-AC) and revised the governance of CHCF-A to be consistent with State rules and procedures.
3. In October 1999, Public Utilities (PU) Code § 270-281 were codified as a result of the enactment of Senate Bill 669.
4. PU Code § 270(b) requires that the monies in CHCF-A may only be expended pursuant to § 270-281 and upon appropriation in the annual Budget Act.
5. The Telecommunications Division (TD) reviewed the filings made by the 17 small Local Exchange Carriers (LECs) in connection with the 2005 CHCF-A payment requirements.
6. TD revised the 2005 CHCF-A support requests submitted by the 17 small LECs in accordance with the Implementation Rules and Guidelines set forth in D.88-07-022 as modified by D.91-05-016, D.91-09-042, Resolution T-16117, D.00-09-072 and D.01-02-018.
7. The total approved 2005 CHCF-A draw for the 17 small LECs should be \$25,446,078.02.
8. The monthly support payments for January 2005 through December 2005 are to be paid by the TD in concert with the Information and Management Services Division within 30 days after the close of each calendar month subject to the availability of

funds and the Commission and State adoption of the budgets covering the payment of the 2005 CHCF-A support. In the event that the monthly support payments due the small LECs are not paid within 30 days after the close of each calendar month, TD shall include in those payments interest equal to the 3-month commercial paper rate.

9. The Commission, in Resolution T- 16793, approved a \$47.87 million CHCF-A program budget for FY 2004–05. Of this amount, \$36.20 million has been allocated as program payments to the small LECs.
10. In Resolution T-16876, the Commission approved a FY 2005-06 CHCF-A expense budget of \$39.650 million. Of this amount, \$28.040 million has been allocated as program payments to the small LECs from July through December 2005. There are enough funds in both the FY 2004-05 and FY 2005-06 budgets to cover the 2005 CHCF-A support to the small ILECs.
10. A notice letter was mailed/emailed on November 2, 2004 informing the 17 small LECs, the CHCFA-AC, the parties of record in R01-08-002 and the parties on the service list of A99-09-044 of the availability of the draft resolution for public comments at the Commission's web site <http://www.cpuc.ca.gov/static/industry/telco/index.htm>. In addition they were informed of the availability of the conformed resolution, when adopted by the Commission, at the same web site.
11. On November 17, 2004, Cooper, White and Cooper LLP on behalf of Calaveras, Calore, Ducor, Foresthill, Global Valley, Happy Valley, Hornitos, Kerman, Pinnacles, Ponderosa, Sierra, Siskiyou, Volcano and Winterhaven filed the following comments:
  - Uncertainty in Disbursement of \$23.7 million in federal Universal Service Support in 2005
  - Change in Accounting Standards – GAAP to US Government Accounting Standard
  - Enactment of Anti-Deficiency Act – requires that no obligations be incurred in advance or in excess of cash on-hand or investments in federal securities.
12. TD, however, finds that taking action on the possibilities cited is not required at this time. If the above possibilities cited by Cooper, White and Cooper LLP occur and adversely impact the small LECs CHCF-A draws, then the Commission will act accordingly.
13. The Commission finds TD's recommended CHCF-A support for each of the 17 small LECs as summarized in Appendix A of this Resolution reasonable and consistent with Commission orders and should be adopted.
14. The Commission is committed to utilize the CPUC Internet for distributing commission orders and information.

**THEREFORE, IT IS ORDERED that:**

1. The respective California High Cost Fund A (CHCF-A) support for each of the 17 small Local Exchange Carriers (LECs), as described in the body and summarized in Appendix A of this Resolution, is adopted.
2. The total approved CHCF-A support of \$25,446,078.02 for the 17 LECs for 2005 is as listed below:

	<u>Monthly</u>	<u>Yearly</u>
	<u>Support 2005</u>	<u>Support 2005</u>
Calaveras Telephone Company	\$108,398.81	\$1,300,785.73
Cal-Ore Telephone Company	\$88,381.29	\$1,060,575.42
Citizens Telecommunications Company - Golden State	\$0.00	\$0.00
Citizens Telecommunications Company- Tuolumne	\$0.00	\$0.00
Ducor Telephone Company	\$140,100.53	\$1,681,206.30
Global Valley Networks, Inc.	\$0.00	\$0.00
Foresthill Telephone Company	\$0.00	\$0.00
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The Volcano Telephone Company	\$137,744.95	\$1,652,939.36
Winterhaven Telephone Company	\$0.00	\$0.00
<b>TOTAL</b>	<b>\$2,120,506.50</b>	<b>\$25,446,078.02</b>

The monthly support payments for January 2005 through December 2005 are to be paid by the Telecommunications Division (TD) in concert with the Information and Management Services Division (IMSD) within 30 days after the close of each calendar month. The prompt payment of monthly support to the LECs is contingent on the availability of funds and the Commission and State adoption of the budgets covering the payment for the 2005 CHCF-A support. In the event that the monthly support payments due the small LECs are not paid within 30 days after the close of each calendar month, TD shall include in those payments interest equal to the 3-month commercial paper rate.

3. The \$25,446,078.02 program support payment for the 17 small LECs shall be paid out of the CHCF-A fund.

This Resolution is effective today.

I hereby certify that this Resolution was adopted by the Public Utilities Commission at its regular meeting on December 2, 2004. The following Commissioners approved it:

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STEVE LARSON  
Executive Director

APPENDIX A  
Resolution T- 16893

	Calaveras <i>AL 277</i>	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b> (Resolution T-16784, Appendix A line 8)*	\$1,573,797.00	\$1,573,797.00	\$1,573,797.00
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b>			
a. One time Uncollectibles for WorldCom Bankruptcy	(\$31,950.00)	(\$31,950.00)	(\$31,950.00)
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00		
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2004 USF (Resolution T-16784, Appendix A line 5b)	\$1,074,809.00	\$1,074,808.73	\$1,074,808.73
b Projected Year 2005 USF (Per NECA.)	(\$1,249,569.00)	(\$1,315,870.00)	(\$1,315,870.00)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$174,760.00)	(\$241,061.27)	(\$241,061.27)
<b>6 2005 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$1,367,087.00	\$1,300,785.73	\$1,300,785.73
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2005 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2005)	\$1,367,087.00	\$1,300,785.73	\$1,300,785.73
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$1,367,087.00	\$1,300,785.73	\$1,300,785.73
<b>11 2005 Revenue Requirement after Means Test</b>	\$1,367,087.00	\$1,300,785.73	\$1,300,785.73
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$1,367,087.00	\$1,300,785.73	\$1,300,785.73
<b>14 2005 CHCF-A Support</b>	\$1,367,087.00	\$1,300,785.73	\$1,300,785.73
<b>15 Monthly Payment for Periods Jan - Dec 2005</b> (Line 14/12)	\$113,923.92	\$108,398.81	\$108,398.81
* for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Cal-Ore AL 294	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b> (Resolution T-16784, Appendix A line 8) <sup>a</sup>	\$1,362,528.00	\$1,362,528.00	\$1,362,528.00
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b>			
a. One time Uncollectibles for WorldCom Bankruptcy	(\$21,172.00)	(\$21,172.00)	(\$21,172.00)
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00		
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2004 USF (Resolution T-16784, Appendix A line 5b)	\$1,135,719.00	\$1,135,718.96	\$1,135,718.96
b Projected Year 2005 USF (Per NECA.)	(\$1,365,801.00)	(\$1,416,499.55)	(\$1,416,499.54)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$230,182.00)	(\$280,780.59)	(\$280,780.58)
<b>6 2005 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$1,111,174.00	\$1,060,575.41	\$1,060,575.42
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2005 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2005)	\$1,111,174.00	\$1,060,575.41	\$1,060,575.42
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$1,111,174.00	\$1,060,575.41	\$1,060,575.42
<b>11 2005 Revenue Requirement after Means Test</b>	\$1,111,174.00	\$1,060,575.41	\$1,060,575.42
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$1,111,174.00	\$1,060,575.41	\$1,060,575.42
<b>14 2005 CHCF-A Support</b>	\$1,111,174.00	\$1,060,575.41	\$1,060,575.42
<b>15 Monthly Payment for Periods Jan - Dec 2005</b> (Line 14/12)	\$92,597.83	\$88,381.28	\$88,381.29
<sup>a</sup> for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Citizens-GS <u>AL 166</u>	Staff <u>Proposed</u>	Commission <u>Adopted</u>
<b>1 2004 CHCF-A Requirement</b> (Resolution T-16784, Appendix A line 8)*	\$85,422.00	\$85,422.00	\$85,422.00
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b>			
a One time Uncollectibles for WorldCom Bankruptcy	\$0.00	\$0.00	\$0.00
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2004 USF (Resolution T-16784, Appendix A line 5b)	\$1,592,824.00	\$1,592,824.07	\$1,592,824.07
b Projected Year 2005 USF (Per NECA.)	<del>(\$1,550,633.00)</del>	<del>(\$1,473,528.32)</del>	<del>(\$1,473,528.32)</del>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$42,191.00	\$119,295.75	\$119,295.75
<b>6 2005 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$127,613.00	\$204,717.75	\$204,717.75
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2005 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2005)	\$127,613.00	\$204,717.75	\$204,717.75
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$127,613.00	\$204,717.75	\$204,717.75
<b>11 2005 Revenue Requirement after Means Test</b>	\$0.00	\$0.00	\$0.00
<b>12 Waterfall effect</b>	0.00%	0.00%	0.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$0.00	\$0.00	\$0.00
<b>14 2005 CHCF-A Support</b>	\$0.00	\$0.00	\$0.00
<b>15 Monthly Payment for Periods Jan - Dec 2005</b> (Line 14/12)	<b>\$0.00</b>	<b>\$0.00</b>	<b>\$0.00</b>
* for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Citizens-Tu AL 156	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b> (Resolution T-16784, Appendix A line 6)*	\$669,983.00	\$669,983.00	\$669,983.00
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b>			
a. One time Uncollectibles for WorldCom Bankruptcy	\$0.00	\$0.00	\$0.00
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2004 USF (Resolution T-16784, Appendix A line 5b)	\$1,203,242.00	\$1,203,242.10	\$1,203,242.10
b Projected Year 2005 USF (Per NECA)	(\$1,039,604.00)	(\$1,005,649.84)	(\$1,005,649.84)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$163,638.00	\$197,592.26	\$197,592.26
<b>6 2005 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$833,621.00	\$867,575.26	\$867,575.26
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2005 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2005)	\$833,621.00	\$867,575.26	\$867,575.26
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$833,621.00	\$867,575.26	\$867,575.26
<b>11 2005 Revenue Requirement after Means Test</b>	\$0.00	\$0.00	\$0.00
<b>12 Waterfall effect</b>	0.00%	0.00%	0.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$0.00	\$0.00	\$0.00
<b>14 2005 CHCF-A Support</b>	\$0.00	\$0.00	\$0.00
<b>15 Monthly Payment for Periods Jan - Dec 2005</b> (Line 14/12)	\$0.00	\$0.00	\$0.00
* for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Ducor AL 297	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b>	\$1,898,542.00	\$1,898,542.00	\$1,898,542.00
(Resolution T-16784, Appendix A line 8)*			
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b>			
a. One time Uncollectibles for WorldCom Bankruptcy	\$0.00	\$0.00	\$0.00
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2004 USF (Resolution T-16784, Appendix A line 5b)	\$805,769.00	\$805,769.35	\$805,769.35
b Projected Year 2005 USF (Per NECA.)	(\$955,212.00)	(\$1,023,105.05)	(\$1,023,105.05)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$149,443.00)	(\$217,335.70)	(\$217,335.70)
<b>6 2005 CHCF-A Revenue Requirement</b>	\$1,749,099.00	\$1,681,206.30	\$1,681,206.30
(sum of lines 1, 2, 3 and 4 and 5c)			
<b>7 Rate Increase</b>	\$0.00	\$0.00	\$0.00
(1-Party Residential Flat-Rate Service)			
<b>8 Total 2005 Revenue Requirement</b>	\$1,749,099.00	\$1,681,206.30	\$1,681,206.30
(Beginning CHCF-A Revenue Requirement for 2005)			
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$1,749,099.00	\$1,681,206.30	\$1,681,206.30
<b>11 2005 Revenue Requirement after Means Test</b>	\$1,749,099.00	\$1,681,206.30	\$1,681,206.30
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$1,749,099.00	\$1,681,206.30	\$1,681,206.30
<b>14 2005 CHCF-A Support</b>	\$1,749,099.00	\$1,681,206.30	\$1,681,206.30
<b>15 Monthly Payment for Periods Jan - Dec 2005</b>	\$145,758.25	\$140,100.53	\$140,100.53
(Line 14/12)			
* for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Global Valley AL 357	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b> (Resolution T-16794, Appendix A line 8) <sup>a</sup>	\$1,841,406.00	\$1,841,406.00	\$1,841,406.00
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b> a. One time Uncollectibles for WorldCom Bankruptcy	\$0.00	\$0.00	\$0.00
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b> a Projected 2004 USF (Resolution T-16794, Appendix A line 5b) b Projected Year 2005 USF (Per NECA.) c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$30,661.00 \$0.00 \$30,661.00	\$30,661.00 \$0.00 \$30,661.00	\$30,661.00 \$0.00 \$30,661.00
<b>6 2005 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$1,872,067.00	\$1,872,067.00	\$1,872,067.00
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2005 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2005)	\$1,872,067.00	\$1,872,067.00	\$1,872,067.00
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$1,872,067.00	\$1,872,067.00	\$1,872,067.00
<b>11 2005 Revenue Requirement after Means Test</b>	\$0.00	\$0.00	\$0.00
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$0.00	\$0.00	\$0.00
<b>14 2005 CHCF-A Support</b>	\$0.00	\$0.00	\$0.00
<b>15 Monthly Payment for Periods Jan - Dec 2005</b> (Line 14/12)	\$0.00	\$0.00	\$0.00
<sup>a</sup> for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Foresthill AL 245	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b> (Resolution T-16784, Appendix A line 8)*	\$717,005.00	\$717,005.00	\$717,005.00
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b>			
a. One time Uncollectibles for WorldCom Bankruptcy	\$0.00	\$0.00	\$0.00
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2004 USF (Resolution T-16784, Appendix A line 5b)	\$570,728.00	\$570,728.28	\$570,728.28
b Projected Year 2005 USF (Per NECA.)	(\$528,000.00)	(\$328,515.42)	(\$328,515.42)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$42,728.00	\$242,212.86	\$242,212.86
<b>6 2005 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$759,733.00	\$959,217.86	\$959,217.86
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2005 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2005)	\$759,733.00	\$959,217.86	\$959,217.86
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$759,733.00	\$959,217.86	\$959,217.86
<b>11 2005 Revenue Requirement after Means Test</b>	\$0.00	\$0.00	\$0.00
<b>12 Waterfall effect</b>	0.00%	0.00%	0.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$0.00	\$0.00	\$0.00
<b>14 2005 CHCF-A Support</b>	\$0.00	\$0.00	\$0.00
<b>15 Monthly Payment for Periods Jan - Dec 2005</b> (Line 14/12)	\$0.00	\$0.00	\$0.00
* for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Happy Valley AL 273	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b> (Resolution T-16784, Appendix A line 8)*	\$2,010,291.00	\$2,010,291.00	\$2,010,291.00
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b> a. One time Uncollectibles for WorldCom Bankruptcy	\$0.00	\$0.00	\$0.00
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b> a Projected 2004 USF (Resolution T-16784, Appendix A line 5b) b Projected Year 2005 USF (Per NECA.) c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$790,584.00 (\$538,510.00) \$252,074.00	\$790,584.27 (\$552,906.85) \$237,677.42	\$790,584.27 (\$552,906.85) \$237,677.42
<b>6 2005 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$2,262,365.00	\$2,247,968.42	\$2,247,968.42
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2005 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2005)	\$2,262,365.00	\$2,247,968.42	\$2,247,968.42
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$2,262,365.00	\$2,247,968.42	\$2,247,968.42
<b>11 2005 Revenue Requirement after Means Test</b>	\$0.00	\$0.00	\$0.00
<b>12 Waterfall effect</b>	0.00%	0.00%	0.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$0.00	\$0.00	\$0.00
<b>14 2005 CHCF-A Support</b>	\$0.00	\$0.00	\$0.00
<b>15 Monthly Payment for Periods Jan - Dec 2005</b> (Line 14/12)	\$0.00	\$0.00	\$0.00
* for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Hornitos AL 244	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b> (Resolution T-16784, Appendix A line 8)*	\$403,240.00	\$403,240.00	\$403,240.00
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b>			
a One time Uncollectibles for WorldCom Bankruptcy	\$0.00	\$0.00	\$0.00
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2004 USF (Resolution T-16784, Appendix A line 5b)	\$167,224.00	\$167,224.00	\$167,224.00
b Projected Year 2005 USF (Per NECA)	(\$163,471.00)	(\$164,975.08)	(\$164,975.08)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$3,753.00	\$2,248.92	\$2,248.92
<b>6 2005 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$406,993.00	\$405,488.92	\$405,488.92
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2005 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2005)	\$406,993.00	\$405,488.92	\$405,488.92
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$406,993.00	\$405,488.92	\$405,488.92
<b>11 2005 Revenue Requirement after Means Test</b>	\$0.00	\$0.00	\$0.00
<b>12 Waterfall effect</b>	0.00%	0.00%	0.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$0.00	\$0.00	\$0.00
<b>14 2005 CHCF-A Support</b>	\$0.00	\$0.00	\$0.00
<b>15 Monthly Payment for Periods Jan - Dec 2005</b> (Line 14/12)	\$0.00	\$0.00	\$0.00
* for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Kerman AL 333	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b> (Resolution T-16784, Appendix A line 6) <sup>a</sup>	\$2,204,536.00	\$2,204,536.00	\$2,204,536.00
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b> a. One time Uncollectibles for WorldCom Bankruptcy	\$0.00	\$0.00	\$0.00
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b> a Projected 2004 USF (Resolution T-16784, Appendix A line 5b) b Projected Year 2005 USF (Per NECA.) c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$1,439,204.00 (\$1,980,777.00) (\$551,573.00)	\$1,439,204.18 (\$1,959,887.02) (\$520,682.84)	\$1,439,204.18 (\$1,959,887.02) (\$520,682.84)
<b>6 2005 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$1,652,963.00	\$1,683,853.16	\$1,683,853.16
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2005 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2005)	\$1,652,963.00	\$1,683,853.16	\$1,683,853.16
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$1,652,963.00	\$1,683,853.16	\$1,683,853.16
<b>11 2005 Revenue Requirement after Means Test</b>	\$1,652,963.00	\$1,683,853.16	\$1,683,853.16
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$1,652,963.00	\$1,683,853.16	\$1,683,853.16
<b>14 2005 CHCF-A Support</b>	\$1,652,963.00	\$1,683,853.16	\$1,683,853.16
<b>15 Monthly Payment for Periods Jan - Dec 2005</b> (Line 14/12)	\$137,746.92	\$140,321.10	\$140,321.10
<sup>a</sup> for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Pinnacles AL 2008	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b>	\$241,685.00	\$241,685.00	\$241,685.00
(Resolution T-16784, Appendix A line 8) <sup>a</sup>			
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b>			
a. One time Uncollectibles for WorldCom Bankruptcy	(\$4,395.00)	(\$4,395.00)	(\$4,395.00)
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2004 USF (Resolution T-16784, Appendix A line 5b)	\$333,117.00	\$333,117.12	\$333,117.12
b Projected Year 2005 USF (Per NECA.)	(\$322,005.00)	(\$328,956.02)	(\$328,956.02)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$11,112.00	\$4,161.10	\$4,161.10
<b>6 2005 CHCF-A Revenue Requirement</b>	\$248,402.00	\$241,451.10	\$241,451.10
(sum of lines 1, 2, 3 and 4 and 5c)			
<b>7 Rate Increase</b>	\$0.00	\$0.00	\$0.00
(1-Party Residential Flat-Rate Service)			
<b>8 Total 2005 Revenue Requirement</b>	\$248,402.00	\$241,451.10	\$241,451.10
(Beginning CHCF-A Revenue Requirement for 2005)			
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$248,402.00	\$241,451.10	\$241,451.10
<b>11 2005 Revenue Requirement after Means Test</b>	\$248,402.00	\$241,451.10	\$241,451.10
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$248,402.00	\$241,451.10	\$241,451.10
<b>14 2005 CHCF-A Support</b>	\$248,402.00	\$241,451.10	\$241,451.10
<b>15 Monthly Payment for Periods Jan - Dec 2005</b>	\$20,700.17	\$20,120.93	\$20,120.93
(Line 14/12)			
<sup>a</sup> for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Ponderosa AL 338	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b> (Resolution T-16784, Appendix A line 8) <sup>a</sup>	\$3,391,531.00	\$3,391,531.00	\$3,391,531.00
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b>			
a. One time Uncollectibles for WorldCom Bankruptcy	(\$48,156.00)	(\$48,156.00)	(\$48,156.00)
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2004 USF (Resolution T-16784, Appendix A line 5b)	\$5,436,539.00	\$5,436,539.25	\$5,436,539.25
b Projected Year 2005 USF (Per NECA.)	(\$5,990,558.00)	(\$5,870,310.49)	(\$5,870,310.49)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	(\$554,019.00)	(\$433,771.24)	(\$433,771.24)
<b>6 2005 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$2,789,366.00	\$2,909,603.76	\$2,909,603.76
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2005 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2005)	\$2,789,366.00	\$2,909,603.76	\$2,909,603.76
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$2,789,366.00	\$2,909,603.76	\$2,909,603.76
<b>11 2005 Revenue Requirement after Means Test</b>	\$2,789,366.00	\$2,909,603.76	\$2,909,603.76
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$2,789,366.00	\$2,909,603.76	\$2,909,603.76
<b>14 2005 CHCF-A Support</b>	\$2,789,366.00	\$2,909,603.76	\$2,909,603.76
<b>15 Monthly Payment for Periods Jan - Dec 2005</b> (Line 14/12)	\$232,446.33	\$242,466.98	\$242,466.98
<sup>a</sup> for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Sierra AL 315	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b> (Resolution T-16784, Appendix A line 8)*	\$12,287,709.00	\$12,287,709.00	\$12,287,709.00
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b> a. One time Uncollectibles for WorldCom Bankruptcy	\$0.00	\$0.00	\$0.00
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b> a Projected 2004 USF (Resolution T-16784, Appendix A line 5b) b Projected Year 2005 USF (Per NECA) c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$6,691,217.00 (\$5,495,601.00) \$205,616.00	\$6,691,216.95 (\$5,228,798.24) \$462,418.71	\$6,691,216.95 (\$5,228,798.24) \$462,418.71
<b>6 2005 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$12,493,325.00	\$12,750,127.71	\$12,750,127.71
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2005 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2005)	\$12,493,325.00	\$12,750,127.71	\$12,750,127.71
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$12,493,325.00	\$12,750,127.71	\$12,750,127.71
<b>11 2005 Revenue Requirement after Means Test</b>	\$12,493,325.00	\$12,750,127.71	\$12,750,127.71
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$12,493,325.00	\$12,750,127.71	\$12,750,127.71
<b>14 2005 CHCF-A Support</b>	\$12,493,325.00	\$12,750,127.71	\$12,750,127.71
<b>15 Monthly Payment for Periods Jan - Dec 2005</b> (Line 14/12)	\$1,041,110.42	\$1,062,510.64	\$1,062,510.64
* for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Siskiyou AL 326	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b> (Resolution T-16784, Appendix A line 8) <sup>a</sup>	\$2,037,151.00	\$2,037,151.00	\$2,037,151.00
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b>			
a. One time Uncollectibles for WorldCom Bankruptcy	\$0.00	\$0.00	\$0.00
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2004 USF (Resolution T-16784, Appendix A line 5b)	\$2,167,906.00	\$2,167,905.74	\$2,167,905.74
b Projected Year 2005 USF (Per NECA.)	(\$2,095,201.00)	(\$2,039,521.26)	(\$2,039,521.26)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$72,705.00	\$128,384.48	\$128,384.48
<b>6 2005 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$2,109,856.00	\$2,165,535.48	\$2,165,535.48
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2005 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2005)	\$2,109,856.00	\$2,165,535.48	\$2,165,535.48
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$2,109,856.00	\$2,165,535.48	\$2,165,535.48
<b>11 2005 Revenue Requirement after Means Test</b>	\$2,109,856.00	\$2,165,535.48	\$2,165,535.48
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$2,109,856.00	\$2,165,535.48	\$2,165,535.48
<b>14 2005 CHCF-A Support</b>	\$2,109,856.00	\$2,165,535.48	\$2,165,535.48
<b>15 Monthly Payment for Periods Jan - Dec 2005</b> (Line 14/12)	\$175,821.33	\$180,461.29	\$180,461.29
<sup>a</sup> for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Verizon-WC AL 620	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b> (Resolution T-16784, Appendix A line 8)*	\$811,335.00	\$811,335.00	\$811,335.00
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b>			
a. One time Uncollectibles for WorldCom Bankruptcy	\$0.00	\$0.00	\$0.00
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2004 USF (Resolution T-16784, Appendix A line 5b)	\$0.00	\$0.00	\$0.00
b Projected Year 2005 USF (Per NECA.)	\$0.00	\$0.00	\$0.00
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$0.00	\$0.00	\$0.00
<b>6 2005 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$811,335.00	\$811,335.00	\$811,335.00
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2005 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2005)	\$811,335.00	\$811,335.00	\$811,335.00
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$811,335.00	\$811,335.00	\$811,335.00
<b>11 2005 Revenue Requirement after Means Test</b>	\$909,052.00	\$0.00	\$0.00
<b>12 Waterfall effect</b>	0.00%	0.00%	0.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$0.00	\$0.00	\$0.00
<b>14 2005 CHCF-A Support</b>	\$0.00	\$0.00	\$0.00
<b>15 Monthly Payment for Periods Jan - Dec 2005</b> (Line 14/12)	\$0.00	\$0.00	\$0.00
* for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Volcano AL 313	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b> (Resolution T-16784, Appendix A line 8) <sup>a</sup>	\$3,556,435.00	\$3,556,435.00	\$3,556,435.00
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b>			
a. One time Uncollectibles for WorldCom Bankruptcy	\$0.00	\$0.00	\$0.00
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2004 USF (Resolution T-16784, Appendix A line 5b)	\$1,642,084.00	\$1,642,084.36	\$1,642,084.36
b Projected Year 2005 USF (Per NECA)	<del>(\$3,122,688.00)</del>	<del>(\$3,545,580.00)</del>	<del>(\$3,545,580.00)</del>
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	<del>(\$1,480,604.00)</del>	<del>(\$1,903,495.64)</del>	<del>(\$1,903,495.64)</del>
<b>6 2005 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$2,075,831.00	\$1,652,939.36	\$1,652,939.36
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2005 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2005)	\$2,075,831.00	\$1,652,939.36	\$1,652,939.36
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$2,075,831.00	\$1,652,939.36	\$1,652,939.36
<b>11 2005 Revenue Requirement after Means Test</b>	\$2,075,831.00	\$1,652,939.36	\$1,652,939.36
<b>12 Waterfall effect</b>	100.00%	100.00%	100.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$2,075,831.00	\$1,652,939.36	\$1,652,939.36
<b>14 2005 CHCF-A Support</b>	\$2,075,831.00	\$1,652,939.36	\$1,652,939.36
<b>15 Monthly Payment for Periods Jan - Dec 2005</b> (Line 14/12)	\$172,985.92	\$137,744.95	\$137,744.95
<sup>a</sup> for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			

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	Winterhaven AL165	Staff Proposed	Commission Adopted
<b>1 2004 CHCF-A Requirement</b> (Resolution T-16784, Appendix A line 8)*	\$65,864.00	\$65,864.00	\$65,864.00
<b>2 Reverse 2003 Non-Recurring Revenue Requirement</b>	\$0.00	\$0.00	\$0.00
<b>3 Adjustments to 2004 CHCF-A Requirement (Non-Recurring)</b>			
a. One time Uncollectibles for WorldCom Bankruptcy	\$0.00	\$0.00	\$0.00
<b>4 Year 2004 Impacts (Recurring)</b>	\$0.00	\$0.00	\$0.00
<b>5 Net Interstate Expense Adjustment</b>			
a Projected 2004 USF (Resolution T-16784, Appendix A line 5b)	\$290,101.00	\$290,100.50	\$290,100.50
b Projected Year 2005 USF (Per NECA)	(\$250,999.00)	(\$254,839.75)	(\$254,839.75)
c Net Interstate Expense Adjustment (sum of lines 5a and 5b)	\$39,102.00	\$35,260.75	\$35,260.75
<b>6 2005 CHCF-A Revenue Requirement</b> (sum of lines 1, 2, 3 and 4 and 5c)	\$104,966.00	\$101,124.75	\$101,124.75
<b>7 Rate Increase</b> (1-Party Residential Flat-Rate Service)	\$0.00	\$0.00	\$0.00
<b>8 Total 2005 Revenue Requirement</b> (Beginning CHCF-A Revenue Requirement for 2005)	\$104,966.00	\$101,124.75	\$101,124.75
<b>9 Temporary Surcredit</b>	0.00%	0.00%	0.00%
<b>10 2005 Revenue Requirement eligible for CHCF-A Support</b>	\$104,966.00	\$101,124.75	\$101,124.75
<b>11 2005 Revenue Requirement after Means Test</b>	\$0.00	\$0.00	\$0.00
<b>12 Waterfall effect</b>	0.00%	0.00%	0.00%
<b>13 2005 Revenue Requirement after Waterfall</b>	\$0.00	\$0.00	\$0.00
<b>14 2005 CHCF-A Support</b>	\$0.00	\$0.00	\$0.00
<b>15 Monthly Payment for Periods Jan - Dec 2005</b> (Line 14/12)	\$0.00	\$0.00	\$0.00
* for Calaveras, Cal-Ore, Ducor, Pinnacles and Ponderosa, this is in Appendix A, line 14.			